

House Amendment 8452

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1 1 Amend the committee amendment, H=8365, to Senate
1 2 File 2298, as amended, passed, and reprinted by the
1 3 Senate, as follows:
1 4 #1. By striking page 1, line 3 through page 8,
1 5 line 7 and inserting the following:
1 6 <#____. By striking everything after the enacting
1 7 clause and inserting the following:
1 8 1 9 RESERVE FUNDS == USE OF REVERSIONS
1 10 Section 1. Section 8.55, subsection 4, Code
1 11 Supplement 2003, is amended by striking the
1 12 subsection.
1 13 Sec. 2. Section 8.56, subsection 1, Code
1 14 Supplement 2003, is amended to read as follows:
1 15 1. A cash reserve fund is created in the state
1 16 treasury. The cash reserve fund shall be separate
1 17 from the general fund of the state and shall not be
1 18 considered part of the general fund of the state
1 19 except in determining the cash position of the state
1 20 as provided in subsection 3. The moneys in the cash
1 21 reserve fund are not subject to section 8.33 and shall
1 22 not be transferred, used, obligated, appropriated, or
1 23 otherwise encumbered except as provided in this
1 24 section. ~~Notwithstanding section 12C.7, subsection 2,~~
~~1 25 interest or earnings on moneys deposited in the cash~~
~~1 26 reserve fund shall be credited to the rebuild Iowa~~
~~1 27 infrastructure fund created in section 8.57. Moneys~~
1 28 in the cash reserve fund may be used for cash flow
1 29 purposes during a fiscal year provided that any moneys
1 30 so allocated are returned to the cash reserve fund by
1 31 the end of that fiscal year.
1 32 Sec. 3. Section 8.57, subsection 1, paragraph a,
1 33 unnumbered paragraph 1, Code Supplement 2001, as
1 34 amended by 2002 Iowa Acts, Second Extraordinary
1 35 Session, chapter 1001, section 28, and by 2003 Iowa
1 36 Acts, chapter 179, section 31, is amended to read as
1 37 follows:
1 38 The "cash reserve goal percentage" for fiscal years
1 39 beginning on or after July 1, ~~2004~~ 2005, is seven and
1 40 one-half percent of the adjusted revenue estimate.
1 41 For each fiscal year in which the appropriation of the
1 42 surplus existing in the general fund of the state at
1 43 the conclusion of the prior fiscal year pursuant to
1 44 paragraph "b" was not sufficient for the cash reserve
1 45 fund to reach the cash reserve goal percentage for the
1 46 current fiscal year, there is appropriated from the
1 47 general fund of the state an amount to be determined
1 48 as follows:
1 49 Sec. 4. 2002 Iowa Acts, Second Extraordinary
1 50 Session, chapter 1001, section 33, as amended by 2003
2 1 Iowa Acts, chapter 179, section 40, is amended to read
2 2 as follows:
2 3 SEC. 33. EFFECTIVE DATE == APPLICABILITY. The
2 4 amendments to the following designated Code provisions
2 5 in this division of this Act take effect July 1, ~~2004~~
2 6 2005:
2 7 1. Section 8.55, subsection 2, paragraph "a".
2 8 2. Section 8.56, subsection 4, paragraph "b".
2 9 3. Section 8.57, subsection 1, paragraph "a".
2 10 Sec. 5. USE OF REVERSIONS. Notwithstanding
2 11 section 8.62, if on June 30, 2005, a balance of an
2 12 operational appropriation, as defined in section 8.62,
2 13 except for the balances of charter agencies, as
2 14 defined in section 7J.1, remains unexpended or
2 15 unencumbered, the balance shall revert to the general
2 16 fund of the state as provided in section 8.33.
2 17 DIVISION II
2 18 TAX ON RESIDENTIAL UTILITIES == PHASEOUT
2 19 Sec. 6. Section 423.3, as enacted by 2003 Iowa
2 20 Acts, First Extraordinary Session, chapter 2, section
2 21 96, is amended by adding the following new subsection:
2 22 NEW SUBSECTION. 84. a. Subject to paragraph "b",
2 23 the sales price from the sale or furnishing of metered
2 24 gas, electricity, and fuel, including propane and
2 25 heating oil, to residential customers which is used to

2 26 provide energy for residential dwellings and units of
2 27 apartment and condominium complexes used for human
2 28 occupancy.
2 29 b. The exemption in this subsection shall be
2 30 phased in by means of a reduction in the tax rate as
2 31 follows:
2 32 (1) If the date of the utility billing or meter
2 33 reading cycle of the residential customer for the sale
2 34 or furnishing of metered gas and electricity is on or
2 35 after January 1, 2004, through December 31, 2004, or
2 36 if the sale or furnishing of fuel for purposes of
2 37 residential energy and the delivery of the fuel occurs
2 38 on or after January 1, 2004, through December 31,
2 39 2004, the rate of tax is two percent of the sales
2 40 price.
2 41 (2) If the date of the utility billing or meter
2 42 reading cycle of the residential customer for the sale
2 43 or furnishing of metered gas and electricity is on or
2 44 after January 1, 2005, through December 31, 2005, or
2 45 if the sale or furnishing of fuel for purposes of
2 46 residential energy and the delivery of the fuel occurs
2 47 on or after January 1, 2005, through December 31,
2 48 2005, the rate of tax is one percent of the sales
2 49 price.
2 50 (3) If the date of the utility billing or meter
3 1 reading cycle of the residential customer for the sale
3 2 or furnishing of metered gas and electricity is on or
3 3 after January 1, 2006, or if the sale, furnishing, or
3 4 service of fuel for purposes of residential energy and
3 5 the delivery of the fuel occurs on or after January 1,
3 6 2006, the rate of tax is zero percent of the sales
3 7 price.
3 8 c. The exemption in this subsection does not apply
3 9 to local option sales and services tax imposed
3 10 pursuant to chapters 423B and 423E.

3 11 DIVISION III

3 12 COMBINED CORPORATE RETURNS

3 13 Sec. 7. Section 422.37, Code 2003, is amended by
3 14 striking the section and inserting in lieu thereof the
3 15 following:

3 16 422.37 COMBINED RETURNS.

3 17 An affiliated group of corporations shall, under
3 18 rules prescribed by the director, file a combined
3 19 return showing the net income of all corporations
3 20 engaged in a unitary business, subject to the
3 21 following:

3 22 1. The affiliated group filing under this section
3 23 shall meet the requirements to file a consolidated
3 24 return for federal income tax purposes under the
3 25 Internal Revenue Code for the same taxable year.

3 26 2. All members of the affiliated group shall join
3 27 in the filing of an Iowa combined return to the extent
3 28 they are engaged in a unitary business.

3 29 3. Members of the affiliated group exempt from
3 30 taxation by section 422.34 shall not be included in a
3 31 combined return.

3 32 4. All members of the affiliated group shall use
3 33 the statutory method of allocation and apportionment
3 34 unless the director has granted permission to all
3 35 members to use an alternative method of allocation and
3 36 apportionment.

3 37 5. The computation of federal taxable income
3 38 before the net operating loss deduction on a combined
3 39 return for members of an affiliated group shall be
3 40 made in the same manner and under the same procedures,
3 41 including all intercompany adjustments and
3 42 eliminations, as are required for consolidating the
3 43 incomes of affiliated corporations for the taxable
3 44 year for federal income tax purposes in accordance
3 45 with the Internal Revenue Code.

3 46 6. The combined income approach reflects the
3 47 federal taxable income of the unitary members of the
3 48 Iowa affiliated group as a single economic unit, with
3 49 the application of the adjustments in section 422.35,
3 50 and the affiliated group shall only file one income
4 1 tax return. Any nonunitary members of the federal
4 2 affiliated group subject to tax imposed by section
4 3 422.33 must each file its own separate corporate
4 4 income tax return. The net income of an affiliated
4 5 group is determined by applying the apportionment
4 6 formula against the combined income of the affiliated

4 7 group.

4 8 7. Only the sales of those corporations in the
4 9 affiliated group subject to the tax imposed by section
4 10 422.33 are included in the numerator of the
4 11 apportionment formula.

4 12 8. Only those corporations in the affiliated group
4 13 subject to the tax imposed by section 422.33 are
4 14 jointly and severally liable for the Iowa tax of the
4 15 combined group.

4 16 Sec. 8. INCREASED REVENUES APPROPRIATED. There is
4 17 appropriated from the general fund of the state from
4 18 the additional revenues generated by the amendment to
4 19 section 422.37 in this division of this Act to the
4 20 department of revenue for the fiscal year beginning
4 21 July 1, 2004, and ending June 30, 2005, the following
4 22 amounts, or so much thereof as is necessary, to be
4 23 used for the purposes designated:

4 24 a. For the additional funding necessary to fully
4 25 fund the homestead property tax credit pursuant to
4 26 section 425.1 over the amount appropriated for the
4 27 fiscal year beginning July 1, 2003:

4 28 \$ 17,454,621

4 29 b. For the additional funding necessary to fully
4 30 fund the elderly and disabled property tax credit
4 31 pursuant to section 425.39 over the amount
4 32 appropriated for the fiscal year beginning July 1,
4 33 2003:

4 34 \$ 3,304,495

4 35 Sec. 9. RETROACTIVE APPLICABILITY PROVISION.

4 36 Except for the appropriations made to the department
4 37 of revenue in this division, this division of this Act
4 38 is retroactively applicable to January 1, 2004, for
4 39 tax years beginning on or after that date.

4 40 DIVISION IV

4 41 CIGARETTE AND TOBACCO TAX RATES

4 42 Sec. 10. Section 453A.6, subsection 1, Code 2003,
4 43 is amended to read as follows:

4 44 1. There is imposed, and shall be collected and
4 45 paid to the department, ~~the following taxes a tax on~~
4 46 all cigarettes used or otherwise disposed of in this
4 47 state for any purpose whatsoever+.

~~4 48 CLASS A. On cigarettes weighing not more than
4 49 three pounds per thousand, eighteen mills on each such
4 50 cigarette.~~

~~5 1 CLASS B. On cigarettes weighing more than three
5 2 pounds per thousand, eighteen mills on each such equal
5 3 to four and eight-tenths cents on each cigarette.~~

5 4 Sec. 11. Section 453A.6, Code 2003, is amended by
5 5 adding the following new subsection:

5 6 NEW SUBSECTION. 6. Cigarettes shall be sold in
5 7 packages of twenty or more.

5 8 Sec. 12. Section 453A.8, subsection 1, Code 2003,
5 9 is amended to read as follows:

5 10 1. Stamps shall be sold by and purchased from the
5 11 department. The department shall sell stamps to the
5 12 holder of a state distributor's or manufacturer's
5 13 permit which has not been revoked and to no other
5 14 person. Stamps shall be sold to the permit holders at
5 15 a discount of ~~two~~ one percent of the face value.
5 16 Stamps shall be sold in unbroken rolls of thirty
5 17 thousand stamps or unbroken lots of any other form
5 18 authorized by the director.

5 19 Sec. 13. Section 453A.40, subsection 1, Code
5 20 Supplement 2003, is amended to read as follows:

~~5 21 1. All persons required to obtain a permit or to
5 22 be licensed under section 453A.13 as distributors or
5 23 453A.44 having in their possession and held for resale
5 24 on the effective date of an increase in the tax rate
5 25 cigarettes, or little cigars, or tobacco products upon
5 26 which the tax under section 453A.6 or 453A.43 has been
5 27 paid, unused cigarette tax stamps which have been paid
5 28 for under section 453A.8, or unused metered imprints
5 29 which have been paid for under section 453A.12, or
5 30 tobacco products under section 453A.46 shall be~~

~~5 31 subject to an inventory tax on the items as provided
5 32 in this section.~~

5 33 Sec. 14. Section 453A.43, subsections 1, 2, and 3,
5 34 Code 2003, are amended to read as follows:

5 35 1. A tax is imposed upon all tobacco products in
5 36 this state and upon any person engaged in business as
5 37 a distributor of tobacco products, at the rate of

5 38 ~~twenty-two~~ thirty percent of the wholesale sales price
5 39 of the tobacco products, except little cigars as
5 40 defined in section 453A.42. Little cigars shall be
5 41 subject to the same rate of tax imposed upon
5 42 cigarettes in section 453A.6, payable at the time and
5 43 in the manner provided in section 453A.6; and stamps
5 44 shall be affixed as provided in division I of this
5 45 chapter. The tax on tobacco products, excluding
5 46 little cigars, shall be imposed at the time the
5 47 distributor does any of the following:

5 48 a. Brings, or causes to be brought, into this
5 49 state from without the state tobacco products for
5 50 sale.

6 1 b. Makes, manufactures, or fabricates tobacco
6 2 products in this state for sale in this state.

6 3 c. Ships or transports tobacco products to
6 4 retailers in this state, to be sold by those
6 5 retailers.

6 6 2. A tax is imposed upon the use or storage by
6 7 consumers of tobacco products in this state, and upon
6 8 the consumers, at the rate of ~~twenty-two~~ thirty
6 9 percent of the cost of the tobacco products.

6 10 The tax imposed by this subsection shall not apply
6 11 if the tax imposed by subsection 1 on the tobacco
6 12 products has been paid.

6 13 This tax shall not apply to the use or storage of
6 14 tobacco products in quantities of:

6 15 a. Less than 25 cigars.

6 16 b. Less than 10 oz. snuff or snuff powder.

6 17 c. Less than 1 lb. smoking or chewing tobacco or
6 18 other tobacco products not specifically mentioned
6 19 herein, in the possession of any one consumer.

6 20 3. Any tobacco product with respect to which a tax
6 21 has once been imposed under this division shall not
6 22 again be subject to tax under ~~said this division,~~
6 23 except as provided in section 453A.40.

6 24 Sec. 15. INCREASED REVENUES APPROPRIATED. There
6 25 is appropriated from the general fund of the state
6 26 from the additional revenues generated by the increase
6 27 in the cigarette and tobacco products tax rates in
6 28 this division of this Act to the designated
6 29 departments and agencies for the fiscal year beginning
6 30 July 1, 2004, and ending June 30, 2005, the following
6 31 amounts, or so much thereof as is necessary, for the
6 32 purposes designated:

6 33 1. DEPARTMENT OF PUBLIC HEALTH

6 34 a. Addictive disorders

6 35 For reducing the prevalence of use of tobacco,
6 36 alcohol, and other drugs, and treating individuals
6 37 affected by addictive behaviors, including gambling:
6 38 \$ 1,000,000

6 39 b. Child and adolescent wellness

6 40 For promoting an optimum health status for children
6 41 and adolescents from birth through 21 years of age:
6 42 \$ 1,000,000

6 43 2. DEPARTMENT OF HUMAN SERVICES

6 44 a. To be credited to the family investment program
6 45 account and used for family investment program
6 46 assistance under chapter 239B:

6 47 \$ 2,521,320

6 48 b. Medical assistance

6 49 For medical assistance reimbursement and associated
6 50 costs as specifically provided in the reimbursement

7 1 methodologies in effect on June 30, 2004, except as
7 2 otherwise expressly authorized by law, including
7 3 reimbursement for abortion services, which shall be
7 4 available under the medical assistance program only
7 5 for those abortions which are medically necessary:
7 6 \$ 57,613,927

7 7 c. For medical contracts:

7 8 \$ 1,800,000

7 9 d. Children's health insurance program

7 10 For maintenance of the healthy and well kids in
7 11 Iowa program pursuant to chapter 514I for receipt of
7 12 federal financial participation under Title XXI of the
7 13 federal Social Security Act, which creates the state
7 14 children's health insurance program:

7 15 \$ 1,500,000

7 16 e. For child and family services:

7 17 \$ 10,000,000

7 18 f. For the state resource center at Glenwood for

7 19 salaries, support, maintenance, and miscellaneous
 7 20 purposes:
 7 21 \$ 3,157,994
 7 22 g. For implementation of mental health,
 7 23 developmental disabilities, and brain injury service
 7 24 system redesign efforts:
 7 25 \$ 5,000,000
 7 26 h. For costs associated with the commitment and
 7 27 treatment of sexually violent predators in the unit
 7 28 located at the state mental health institute at
 7 29 Cherokee, including costs of legal services and other
 7 30 associated costs, including salaries, support,
 7 31 maintenance, and miscellaneous purposes:
 7 32 \$ 729,533
 7 33 i. For distribution to counties of the county
 7 34 mental health, mental retardation, and developmental
 7 35 disabilities allowed growth factor adjustment, as
 7 36 provided in 2003 Iowa Acts, chapter 179, section 2,
 7 37 subsection 1, unnumbered paragraph 2:
 7 38 \$ 4,665,111
 7 39 3. COMMISSION OF VETERANS AFFAIRS
 7 40 Iowa veterans home
 7 41 For salaries, support, maintenance, and
 7 42 miscellaneous purposes:
 7 43 \$ 1,000,000
 7 44 Sec. 16. EFFECTIVE DATE. Except for the
 7 45 appropriations made to the department of public
 7 46 health, department of human services, and commission
 7 47 of veterans affairs in this division, this division of
 7 48 this Act takes effect May 1, 2004.
 7 49 DIVISION V
 7 50 SERVICES SUBJECT TO TAX
 8 1 Sec. 17. Section 423.2, subsection 6, as enacted
 8 2 by 2003 Iowa Acts, First Extraordinary Session,
 8 3 chapter 2, section 95, is amended to read as follows:
 8 4 6. The sales price of any of the following
 8 5 enumerated services is subject to the tax imposed by
 8 6 subsection 5: alteration and garment repair; armored
 8 7 car; vehicle repair; battery, tire, and allied;
 8 8 investment counseling; service charges of all
 8 9 financial institutions; barber and beauty; boat
 8 10 repair; vehicle wash and wax; campgrounds; carpentry;
 8 11 roof, shingle, and glass repair; dance schools and
 8 12 dance studios; dating services; dry cleaning,
 8 13 pressing, dyeing, and laundering; electrical and
 8 14 electronic repair and installation; excavating and
 8 15 grading; farm implement repair of all kinds; flying
 8 16 service; furniture, rug, carpet, and upholstery repair
 8 17 and cleaning; fur storage and repair; golf and country
 8 18 clubs and all commercial recreation; gun and camera
 8 19 repair; house and building moving; household
 8 20 appliance, television, and radio repair; janitorial
 8 21 and building maintenance or cleaning; jewelry and
 8 22 watch repair; lawn care, landscaping, and tree
 8 23 trimming and removal; limousine service, including
 8 24 driver; machine operator; machine repair of all kinds;
 8 25 motor repair; motorcycle, scooter, and bicycle repair;
 8 26 oilers and lubricators; office and business machine
 8 27 repair; painting, papering, and interior decorating;
 8 28 parking facilities; pay television; pet grooming; pipe
 8 29 fitting and plumbing; wood preparation; executive
 8 30 search agencies; private employment agencies,
 8 31 excluding services for placing a person in employment
 8 32 where the principal place of employment of that person
 8 33 is to be located outside of the state; reflexology;
 8 34 security and detective services; sewage services for
 8 35 nonresidential commercial operations; sewing and
 8 36 stitching; shoe repair and shoeshine; sign
 8 37 construction and installation; storage of household
 8 38 goods, mini-storage, and warehousing of raw
 8 39 agricultural products; swimming pool cleaning and
 8 40 maintenance; tanning beds or salons; taxidermy
 8 41 services; telephone answering service; test
 8 42 laboratories, including mobile testing laboratories
 8 43 and field testing by testing laboratories, and
 8 44 excluding tests on humans or animals; termite, bug,
 8 45 roach, and pest eradicators; tin and sheet metal
 8 46 repair; Turkish baths, massage, and reducing salons,
 8 47 excluding services provided by massage therapists
 8 48 licensed under chapter 152C; water conditioning and
 8 49 softening; weighing; welding; well drilling; wrapping,

8 50 packing, and packaging of merchandise other than
9 1 processed meat, fish, fowl, and vegetables; wrecking
9 2 service; wrecker and towing; engineering; accounting,
9 3 auditing, billing, bookkeeping, payroll, and tax
9 4 return preparation; public relations services except
9 5 the service of lobbying; computer services;
9 6 consulting; management services; architectural;
9 7 services allied to motion picture; information
9 8 retrieval; adjustments, collections, and credit
9 9 reporting; and surveying.

9 10 For the purposes of this subsection, the sales
9 11 price of a lease or rental includes rents, royalties,
9 12 and copyright and license fees. For the purposes of
9 13 this subsection, "financial institutions" means all
9 14 national banks, federally chartered savings and loan
9 15 associations, federally chartered savings banks,
9 16 federally chartered credit unions, banks organized
9 17 under chapter 524, savings and loan associations and
9 18 savings banks organized under chapter 534, and credit
9 19 unions organized under chapter 533.

9 20 Sec. 18. Section 423.2, as enacted by 2003 Iowa
9 21 Acts, First Extraordinary Session, chapter 2, section
9 22 95, is amended by adding the following new
9 23 subsections:

9 24 NEW SUBSECTION. 9A. Notwithstanding the five
9 25 percent tax rate imposed in this section, for the
9 26 period beginning January 1, 2006, and ending December
9 27 31, 2007, the tax rate imposed under this section is
9 28 four and three-fourths percent.

9 29 NEW SUBSECTION. 9B. Notwithstanding the five
9 30 percent tax rate imposed in this section, beginning
9 31 January 1, 2008, the tax rate imposed under this
9 32 section is four and one-fourth percent.

9 33 Sec. 19. Section 423.5, as enacted by 2003 Iowa
9 34 Acts, First Extraordinary Session, chapter 2, section
9 35 98, is amended by adding the following new
9 36 subsections:

9 37 NEW SUBSECTION. 8. Notwithstanding the five
9 38 percent tax rate imposed in this section, for the
9 39 period beginning January 1, 2006, and ending December
9 40 31, 2007, the tax rate imposed under this section is
9 41 four and three-fourths percent.

9 42 NEW SUBSECTION. 9. Notwithstanding the five
9 43 percent tax rate imposed in this section, beginning
9 44 January 1, 2008, the tax rate imposed under this
9 45 section is four and one-fourth percent.

9 46 Sec. 20. INCREASED REVENUE APPROPRIATIONS. There
9 47 is appropriated from the general fund of the state
9 48 from the additional revenues generated by the addition
9 49 of services taxable under the sales and use taxes in
9 50 this division of this Act to the designated
10 1 departments and agencies for the fiscal year beginning
10 2 July 1, 2004, and ending June 30, 2005, the following
10 3 amounts, or so much thereof as is necessary, for the
10 4 purposes designated:

10 5 1. COLLEGE STUDENT AID COMMISSION:

10 6 a. National guard educational assistance program

10 7 For purposes of providing national guard

10 8 educational assistance under the program established
10 9 in section 261.86:

10 10 \$ 1,756,401

10 11 b. In addition to the funds appropriated in
10 12 section 261.25, subsection 1, for tuition grants:

10 13 \$ 1,900,000

10 14 c. In addition to the funds appropriated in

10 15 section 261.25, subsection 3, for vocational=technical
10 16 grants:

10 17 \$ 216,849

10 18 2. DEPARTMENT OF EDUCATION

10 19 a. Public broadcasting division

10 20 For salaries, support, maintenance, capital
10 21 expenditures, and miscellaneous purposes:

10 22 \$ 300,000

10 23 b. Student achievement and teacher quality program

10 24 For purposes, as provided in law, of the student
10 25 achievement and teacher quality program established
10 26 pursuant to chapter 284:

10 27 \$ 4,250,000

10 28 c. Jobs for America's graduates

10 29 For school districts to provide direct services to
10 30 the most at-risk senior high school students enrolled

10 31 in school districts through direct intervention by a
 10 32 jobs for America's graduates specialist:
 10 33 \$ 400,000
 10 34 d. Early childhood programs
 10 35 For purposes of early childhood programs,
 10 36 including, but not limited to, the early childhood
 10 37 programs grants and the school ready children grant
 10 38 program established pursuant to chapter 28, and the
 10 39 shared vision program administered by the child
 10 40 development coordinating council in accordance with
 10 41 chapter 256A:
 10 42 \$ 1,500,000
 10 43 e. Professional development
 10 44 For professional development of teachers and
 10 45 improvement of student achievement:
 10 46 \$ 10,000,000
 10 47 f. Community colleges
 10 48 For general state financial aid to merged areas as
 10 49 defined in section 260C.2, for vocational education
 10 50 programs in accordance with chapters 258 and 260C:
 11 1 \$ 3,100,000
 11 2 g. For the amount necessary to fund the increase
 11 3 in state foundation aid in section 257.16 for the
 11 4 fiscal year beginning July 1, 2004, and ending June
 11 5 30, 2005:
 11 6 \$116,398,176
 11 7 3. STATE BOARD OF REGENTS
 11 8 a. State university of Iowa
 11 9 For salaries, support, maintenance, equipment, and
 11 10 miscellaneous purposes:
 11 11 \$ 13,647,725
 11 12 b. Iowa state university of science and technology
 11 13 For salaries, support, maintenance, equipment, and
 11 14 miscellaneous purposes:
 11 15 \$ 10,746,906
 11 16 c. University of northern Iowa
 11 17 For salaries, support, maintenance, equipment, and
 11 18 miscellaneous purposes:
 11 19 \$ 4,827,986
 11 20 d. State school for the deaf
 11 21 For salaries, support, maintenance, equipment, and
 11 22 miscellaneous purposes:
 11 23 \$ 498,475
 11 24 e. Iowa braille and sight saving school
 11 25 For salaries, support, maintenance, equipment, and
 11 26 miscellaneous purposes:
 11 27 \$ 278,908
 11 28 DIVISION VI
 11 29 FAMILY FARM AND AGRICULTURAL TAX CREDITS
 11 30 Sec. 21. Section 331.401, subsection 1, paragraph
 11 31 g, Code 2003, is amended by striking the paragraph.
 11 32 Sec. 22. Section 331.512, subsection 3, Code 2003,
 11 33 is amended to read as follows:
 11 34 3. Carry out duties relating to the homestead tax
 11 35 credit and agricultural land tax credit as provided in
 11 36 ~~chapters chapter 425 and 426.~~
 11 37 Sec. 23. Section 331.559, subsection 13, Code
 11 38 Supplement 2003, is amended by striking the
 11 39 subsection.
 11 40 Sec. 24. Section 425A.1, Code 2003, is amended to
 11 41 read as follows:
 11 42 425A.1 FAMILY FARM TAX CREDIT FUND.
 11 43 The family farm tax credit fund is created in the
 11 44 office of the treasurer of state. ~~There shall be~~
 11 45 ~~transferred annually to the fund the first ten million~~
 11 46 ~~dollars of the amount annually appropriated to the~~
 11 47 ~~agricultural land credit fund, provided in section~~
 11 48 ~~426.1. There is appropriated annually to the family~~
 11 49 ~~farm tax credit fund from the general fund of the~~
 11 50 ~~state the sum of twenty million dollars.~~ Any balance
 12 1 in the fund on June 30 shall revert to the general
 12 2 fund.
 12 3 Sec. 25. Section 441.73, subsection 4, Code
 12 4 Supplement 2003, is amended to read as follows:
 12 5 4. The executive council shall transfer for the
 12 6 fiscal year beginning July 1, ~~1992~~ 2004, and each
 12 7 fiscal year thereafter, from funds established in
 12 8 sections 425.1 and ~~426.1~~ 425A.1, an amount necessary
 12 9 to pay litigation expenses. The amount of the fund
 12 10 for each fiscal year shall not exceed seven hundred
 12 11 thousand dollars. The executive council shall

12 12 determine annually the proportionate amounts to be
12 13 transferred from the two separate funds. At any time
12 14 when no litigation is pending or in progress the
12 15 balance in the litigation expense fund shall not
12 16 exceed one hundred thousand dollars. Any excess
12 17 moneys shall be transferred in a proportionate amount
12 18 back to the funds from which they were originally
12 19 transferred.

12 20 Sec. 26. Sections 426.1 through 426.3, Code 2003,
12 21 are repealed.

12 22 Sec. 27. Sections 426.6 through 426.10, Code
12 23 Supplement 2003, are repealed.

12 24 DIVISION VII
12 25 GAMBLING GAMES TAXATION

12 26 Sec. 28. Section 99F.11, Code Supplement 2003, is
12 27 amended to read as follows:
12 28 99F.11 WAGERING TAX == RATE == ALLOCATIONS.
12 29 1. A tax is imposed on the adjusted gross receipts
12 30 received annually from gambling games authorized under
12 31 this chapter ~~at the rate of five percent on the first~~
~~12 32 one million dollars of adjusted gross receipts, at the~~
~~12 33 rate of ten percent on the next two million dollars of~~
~~12 34 adjusted gross receipts, and at the rate of twenty~~
~~12 35 percent on any amount of adjusted gross receipts over~~
~~12 36 three million dollars. However, beginning January 1,~~
~~12 37 1997, the rate on any amount of adjusted gross~~
~~12 38 receipts over three million dollars from gambling~~
~~12 39 games at racetrack enclosures is twenty-two percent~~
~~12 40 and shall increase by two percent each succeeding~~
~~12 41 calendar year until the rate is thirty-six percent. at~~
12 42 the following rates:

12 43 a. Fifteen percent of the first ten million of
12 44 adjusted gross receipts.

12 45 b. Twenty-five percent of the next sixty-five
12 46 million of adjusted gross receipts.

12 47 c. Twenty-three percent of the remaining adjusted
12 48 gross receipts.

12 49 2. The taxes imposed by this section shall be paid
12 50 by the licensee to the treasurer of state within ten
13 1 days after the close of the day when the wagers were
13 2 made and shall be distributed as follows:

13 3 1- a. If the gambling excursion originated at a
13 4 dock located in a city, one-half of one percent of the
13 5 adjusted gross receipts shall be remitted to the
13 6 treasurer of the city in which the dock is located and
13 7 shall be deposited in the general fund of the city.
13 8 Another one-half of one percent of the adjusted gross
13 9 receipts shall be remitted to the treasurer of the
13 10 county in which the dock is located and shall be
13 11 deposited in the general fund of the county.

13 12 2- b. If the gambling excursion originated at a
13 13 dock located in a part of the county outside a city,
13 14 one-half of one percent of the adjusted gross receipts
13 15 shall be remitted to the treasurer of the county in
13 16 which the dock is located and shall be deposited in
13 17 the general fund of the county. Another one-half of
13 18 one percent of the adjusted gross receipts shall be
13 19 remitted to the treasurer of the Iowa city nearest to
13 20 where the dock is located and shall be deposited in
13 21 the general fund of the city.

13 22 3- c. Three-tenths of one percent of the adjusted
13 23 gross receipts shall be deposited in the gambling
13 24 treatment fund specified in section 99G.39, subsection
13 25 1, paragraph "a".

13 26 4- d. The remaining amount of the adjusted gross
13 27 receipts tax shall be credited to the general fund of
13 28 the state.

13 29 Sec. 29. RETROACTIVE APPLICABILITY. The
13 30 provisions of this division of this Act amending
13 31 section 99F.11, being deemed of immediate importance,
13 32 take effect upon enactment and are retroactively
13 33 applicable to July 1, 2003, and are applicable on and
13 34 after that date.

13 35 DIVISION VIII
13 36 GROW IOWA VALUES FUND

13 37 Sec. 30. 2003 Iowa Acts, First Extraordinary
13 38 Session, chapter 2, section 75, is amended to read as
13 39 follows:

13 40 SEC. 75. ~~STREAMLINED SALES AND USE TAX REVENUE~~
13 41 GROW IOWA VALUES FUND == APPROPRIATION.

13 42 1. There is appropriated from the general fund of

~~13 43 the state from moneys credited to the general fund of~~
~~13 44 the state as a result of entering into the streamlined~~
~~13 45 sales and use tax agreement, for the fiscal period~~
13 46 beginning July 1, ~~2003~~ 2004, and ending June 30, 2010,
13 47 the following amounts to be used for the purpose
13 48 designated:

13 49 For deposit in the grow Iowa values fund created in
13 50 section 15G.107, if enacted by 2003 Iowa Acts, House
14 1 File 692 or another Act:
14 2 ~~FY 2003-2004.....~~ \$ 5,000,000
14 3 FY 2004=2005..... \$ 23,000,000
14 4 FY 2005=2006..... \$ 75,000,000
14 5 FY 2006=2007..... \$ 75,000,000
14 6 FY 2007=2008..... \$ 75,000,000
14 7 FY 2008=2009..... \$ 75,000,000
14 8 FY 2009=2010..... \$ 75,000,000

~~14 9 2. For purposes of this section, "moneys credited~~
~~14 10 to the general fund of the state as a result of~~
~~14 11 entering into the streamlined sales and use tax~~
~~14 12 agreement" means the amount of sales and use tax~~
~~14 13 receipts credited to the general fund of the state~~
~~14 14 during a fiscal year that exceeds by two percent or~~
~~14 15 more the total sales and use tax receipts credited to~~
~~14 16 the general fund of the state during the previous~~
~~14 17 fiscal year.~~

~~14 18 a. If the moneys credited to the general fund of~~
~~14 19 the state as a result of entering into the streamlined~~
~~14 20 sales and use tax agreement during a fiscal year total~~
~~14 21 less than the amount appropriated in this section, the~~
~~14 22 appropriation in this section shall be reduced to~~
~~14 23 equal the total amount of the moneys so credited.~~

~~14 24 b. If the appropriation for a fiscal year is~~
~~14 25 reduced pursuant to paragraph "a", all appropriations~~
~~14 26 made from the grow Iowa values fund for the same~~
~~14 27 fiscal year shall be reduced proportionately to the~~
~~14 28 amount reduced due to paragraph "a".~~

14 29 3. ~~2.~~ Notwithstanding section 8.33, moneys that
14 30 remain unexpended at the end of a fiscal year shall
14 31 not revert to any fund but shall remain available for
14 32 expenditure for the designated purposes during the
14 33 succeeding fiscal year.

14 34 DIVISION IX
14 35 MILITARY PAY DIFFERENTIAL

14 36 Sec. 31. 2003 Iowa Acts, chapter 179, section 21,
14 37 unnumbered paragraph 5, is amended to read as follows:

14 38 Notwithstanding section 8.33, unencumbered or
14 39 unobligated funds remaining on June 30, 2003, from the
14 40 appropriation made in this section shall not revert
14 41 but shall remain available to be used for the purposes
14 42 designated in the following fiscal year until the end
14 43 of the fiscal year beginning July 1, 2004.

14 44 Sec. 32. EFFECTIVE DATE. This division of this
14 45 Act, being deemed of immediate importance, takes
14 46 effect upon enactment.

14 47 DIVISION X
14 48 STATE PERCENT OF GROWTH

14 49 Sec. 33. Section 257.8, subsection 1, Code
14 50 Supplement 2003, is amended to read as follows:

~~15 1 1. STATE PERCENT OF GROWTH. The state percent of~~
~~15 2 growth for the budget year beginning July 1, 2003, is~~
~~15 3 two percent. The state percent of growth for the~~
15 4 budget year beginning July 1, 2004, is two percent.
15 5 ~~The state percent of growth for the budget year~~
15 6 ~~beginning July 1, 2005, is four percent. The state~~

15 7 percent of growth for each subsequent budget year
15 8 shall be established by statute which shall be enacted
15 9 within thirty days of the submission in the year
15 10 preceding the base year of the governor's budget under
15 11 section 8.21. The establishment of the state percent
15 12 of growth for a budget year shall be the only subject
15 13 matter of the bill which enacts the state percent of
15 14 growth for a budget year.

15 15 Sec. 34. STUDENT ACHIEVEMENT AND TEACHER QUALITY
15 16 PROGRAM. Notwithstanding section 257.8, subsection 1,
15 17 it is the intent of the general assembly that the
15 18 appropriation for the student achievement and teacher
15 19 quality program established in section 284.1 for the
15 20 fiscal year beginning July 1, 2005, shall be increased
15 21 by at least forty-four million dollars over the amount
15 22 appropriated for the program for the fiscal year
15 23 beginning July 1, 2004.

15 24 Sec. 35. APPLICABILITY. The section of this
15 25 division of this Act amending section 257.8 is
15 26 applicable for computing state aid under the state
15 27 school foundation program for the school budget year
15 28 beginning July 1, 2005.

15 29 DIVISION XI

15 30 EARLY SEPARATION PROGRAM

15 31 Sec. 36. 2004 SICK LEAVE AND VACATION INCENTIVE
15 32 PROGRAM.

15 33 1. As used in this section, unless the context
15 34 provides otherwise:

15 35 a. "Credited service" means service under the Iowa
15 36 public employees' retirement system, as service is
15 37 defined in section 97B.1A, and membership service
15 38 under the public safety peace officers' retirement,
15 39 accident, and disability system, as defined in section
15 40 97A.1.

15 41 b. "Eligible employee" means an employee for whom,
15 42 but for participation in the program, the sum of the
15 43 number of years of credited service and the employee's
15 44 age in years as of December 31, 2004, equals or
15 45 exceeds seventy-five.

15 46 c. "Employee" means an employee of the executive
15 47 branch of this state who is not covered by a
15 48 collective bargaining agreement or who is represented
15 49 by the largest statewide public employees'
15 50 organization representing state employees, including
16 1 an employee of a judicial district department of
16 2 correctional services if the district elects to
16 3 participate in the program, an employee of the state
16 4 board of regents if the board elects to participate in
16 5 the program, and an employee of the department of
16 6 justice. However, "employee" does not mean an elected
16 7 official.

16 8 d. "Participant" means a person who timely submits
16 9 an election to participate, and does participate, in
16 10 the sick leave and vacation incentive program
16 11 established under this section.

16 12 e. "Program" means the sick leave and vacation
16 13 incentive program established under this section.

16 14 f. "Regular annual salary" means an amount equal
16 15 to the eligible employee's regular biweekly rate of
16 16 pay as of the date of separation from employment
16 17 multiplied by twenty-six.

16 18 g. "Sick leave and vacation incentive benefit"
16 19 means an amount equal to the entire value of an
16 20 eligible employee's accumulated but unused vacation
16 21 plus the lesser of seventy-five percent of the value
16 22 of the eligible employee's accumulated and unused sick
16 23 leave or seventy-five percent of the employee's
16 24 regular annual salary.

16 25 2. To become a participant in the program, an
16 26 eligible employee shall do all of the following:

16 27 a. Submit by May 1, 2004, a written application,
16 28 on forms prescribed by the department of
16 29 administrative services, seeking participation in the
16 30 program.

16 31 b. Agree to waive any and all rights to receive
16 32 payments of sick leave balances under section 70A.23
16 33 and accrued vacation balances in a form other than as
16 34 provided in this section.

16 35 c. Agree to waive all rights to file suit against
16 36 the state of Iowa, including all of its departments,
16 37 agencies, and other subdivisions, based on state or
16 38 federal claims arising out of the employment
16 39 relationship.

16 40 d. Acknowledge, in writing, that participation in
16 41 the program waives any right to accept permanent part=
16 42 time or permanent full-time employment with the state
16 43 other than as an elected official on or after July 2,
16 44 2004.

16 45 e. Agree to separate from employment with the
16 46 state by July 2, 2004.

16 47 3. a. Upon acceptance to participate in the
16 48 program and separation from employment with the state
16 49 by July 2, 2004, a participant shall receive a sick
16 50 leave and vacation incentive benefit. The state shall
17 1 pay to the participant a portion of the sick leave and
17 2 vacation incentive benefit each fiscal year for a
17 3 period of five years commencing with the fiscal year
17 4 ending June 30, 2005.

17 5 b. A participant in the program shall be eligible
17 6 to continue participation in the group plan or under
17 7 the group contract at the participant's own expense in
17 8 the same manner as a retired employee pursuant to
17 9 section 509A.13. In addition, a participant shall be
17 10 deemed an eligible retired state employee for purposes
17 11 of eligibility for continuation of group insurance
17 12 covering spouses as provided in section 509A.13A.

17 13 4. a. The department of administrative services
17 14 shall administer the program, including the
17 15 determination of eligibility for participation in the
17 16 program, and shall adopt administrative rules to
17 17 administer the program. The department may adopt
17 18 rules on an emergency basis under section 17A.4,
17 19 subsection 2, and section 17A.5, subsection 2,
17 20 paragraph "b", to implement this section and the rules
17 21 shall be effective immediately upon filing unless a
17 22 later date is specified in the rules.

17 23 b. Records of the Iowa public employees'
17 24 retirement system may be released for the purposes of
17 25 administering and monitoring the program subject to
17 26 the requirements of section 97B.17, subsection 5.

17 27 c. The department of administrative services, in
17 28 collaboration with the department of management, shall
17 29 present an interim report to the general assembly,
17 30 including copies to the legislative services agency
17 31 and the fiscal committee of the legislative council,
17 32 by October 1, 2004, concerning the operation of the
17 33 program. The department shall also submit an annual
17 34 update concerning the program by October 1 of each
17 35 year for four years, commencing October 1, 2005. The
17 36 reports shall include information concerning the
17 37 number of program participants, the cost of the
17 38 program including any payments made to participants,
17 39 the number of state employment positions eliminated
17 40 pursuant to the program, and the number of positions
17 41 vacated by a program participant that have been
17 42 refilled.

17 43 5. An employer, as defined in section 70A.38, may
17 44 employ persons to fill vacancies created as a result
17 45 of employee participation in the program established
17 46 pursuant to this section subject to the following:

17 47 a. The employer shall not fill more than seventy=
17 48 five percent of the vacancies created as a result of
17 49 employee participation in the program.

17 50 b. An employer shall not offer employment to an
18 1 individual who is participating in the program
18 2 established pursuant to this division of this Act or
18 3 in an early termination program established pursuant
18 4 to 2001 Iowa Acts, First Extraordinary Session,
18 5 chapter 5, or 2002 Iowa Acts, Second Extraordinary
18 6 Session, chapter 1001.

18 7 Sec. 37. EFFECTIVE DATE. This division of this
18 8 Act, being deemed of immediate importance, takes
18 9 effect upon enactment.

18 10 DIVISION XII

18 11 CIGARETTE STAMP PRINTING

18 12 Sec. 38. Section 453A.7, unnumbered paragraph 2,
18 13 Code Supplement 2003, is amended to read as follows:

18 14 There is appropriated annually from the general
18 15 fund of the state ~~the sum of one hundred fifteen~~
~~18 16 thousand dollars to carry out to the department of~~
~~18 17 revenue an amount sufficient to implement the~~

18 18 provisions of this section.>

18 19 #____. Title page, by striking lines 1 through 3
18 20 and inserting the following: 18 21 state budgetary matters and revenue enhancements by
18 22 making and revising certain appropriations, phasing
18 23 out the sales tax on residential utilities, requiring
18 24 combined corporate returns of unitary businesses,
18 25 adjusting cigarette and tobacco products tax rates,
18 26 expanding the services subject to sales and use taxes
18 27 and adjusting the sales and use tax rates, increasing
18 28 the appropriation for family farm tax credits and
18 29 repealing the agricultural land tax credits, revising
18 30 the tax rates for gambling game establishments,
18 31 altering the source of moneys to the grow Iowa values
18 32 fund, providing for military pay differential,
18 33 establishing state percent of growth for school aid,
18 34 providing an early employment separation incentive
18 35 program, providing a standing appropriation for
18 36 printing cigarette tax stamps, and including effective

18 37 and retroactive applicability date provisions.>>
18 38
18 39
18 40 _____
18 41 KLEMME of Plymouth
18 42 SF 2298.232 80
18 43 mg/sh